GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3641
ANSWERED ON:27.04.2007
MICRO FINANCE AND MICRO CREDIT SYSTEM
Hegde Shri Anant Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Gcvernment has any plans to modify or improve the micro finance and micro credit system in agricultural sector;

(b) if so, the details thereof;

(c) whether the Gcvernment proposes to involve NGOs in this field;

(d) if so, the detail5 thereof;

(e) whether any private partners have shown interest in participating in micro finance and rniDro credit system; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BATJSAL)

(a) & (b) : Yes, Sir. The Government has introduced a Bill in Lok Sabha on 20.03.2007 `The Miro Financial Sector (Development and Regulation) Bill, 2007` for enacting a new legislation which shall provide a formal statutory framework for the promotion, development and regulation of the micro finance sector.

(c & (d) : Non-Governmental Organisations (NGOs) are already involved in extending Micro Fir.ance. Besides, this Bill provides for supervision over various entities engaged in the activity of micro finance such as Co-operative Societies, Mutual Benefit Societies or Mutually Aided Societies registered under any State enactments or Multi State Co- operative Societies registered under the Multi State Co-operative Socieies Act, 2002, societies registered under the Societies Registration Act, 1850 or any other State enactments governing such societies and a Trust created under the Indian Trust Act, 1882 or public trust registered under any State enactments.

(e & (f) : At present, a number of private Micro Finance Institutions are also involved in Micro Finance activities. A certain segment of Institutions engaged in the Micro Finance Sector such as Non Banking Finance Companies (NBFCs) and section 25 companies (Registered under the Indian Companies Act 1956) are governed and regulated by the Reserve Bank of India.